



State of Mississippi  
DEPARTMENT OF REHABILITATION SERVICES

Compliance Review Findings

Stacey E. Pickering, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

July 18, 2017

Dear Mr. Pickering:

The following responses are provided to the Mississippi Office of the State Auditor as a result of the Limited Internal Control and Compliance review performed for the Mississippi Department of Rehabilitation Services for Fiscal Year 2016:

AUDIT FINDINGS:

**Finding:** Agency Should Strengthen Internal Controls Over Cash Receipts

**Response:** This appears to be an oversight. Four of the six instances noted were checks from the Business Enterprise Program for the state match on the Section 110 Grant. The agency concurs with this finding.

**Corrective Action Plan:** The agency will strengthen internal controls over cash receipts to ensure all receipts are recorded in the Cash Receipt Log upon receipt. Corrective action will begin immediately and will be overseen by David Varner, VR Finance Director.

**Finding:** Agency Should Strengthen Internal Controls Over Maintenance of Contracts

**Response:** During fiscal year 2016, the agency utilized the "tear sheets" from the vendor (which indicate the service to be performed, the date(s) of service, the price for the service, the terms of the agreement, etc.). These sheets were signed by both parties and used as a contract. For fiscal year 2017, the agency has entered into a written contractual agreement with the vendor.

**Corrective Action Plan:** Agency entered into a contractual agreement for fiscal year 2017 with the vendor prior to the audit engagement. No further action necessary.

**Finding:** Agency Should Strengthen Internal Controls Over Board Minutes Documentation

**Response:** This appears to be an oversight. Although the minutes for the February 9, 2016 meeting were not signed, they were approved by the board at the subsequent board meeting on May 23, 2017 as evidenced in those minutes. All other minutes reviewed were signed.

**Corrective Action Plan:** Agency will ensure all minutes are signed.

**Finding:** Ensure Compliance with State Law Over Timely Submission of Invoices for Payment

**Response:** While we agree that the requisitions for the two instances noted were not issued within 30 days of the date of receipt of the invoice, for the first instance, additional time was taken by our agency's Human Resources department to verify the charges were accurate, and that the total amount charged agreed to the total number of agency PINs, for the specified date, at the per-PIN rate charged by the Personnel Board. The requisition was issued the day after the invoice was signed/approved by the Director of Human Resources. The extra time taken to review propriety of the invoice did not result in our agency being assessed additional interest, fines, and/or penalties by the vendor. For the second instance, additional time was taken to determine the most appropriate method for distributing the MMRS charges to the various agency program areas that benefitted. The additional time taken to review, approve, and pay the transaction did not result in our agency being assessed additional interest, fines, and/or penalties by the vendor.

**Corrective Action Plan:** The agency will strengthen its internal controls to ensure compliance with Section 31-7-303, Mississippi Code Annotated (1972). Procedures will be discussed with staff to emphasize the importance of submitting these invoices to the agency's finance department in a timely manner for payment.

**Finding:** Ensure Compliance with State Law over Transferring Interest Earned On Bank Accounts to the State General Fund

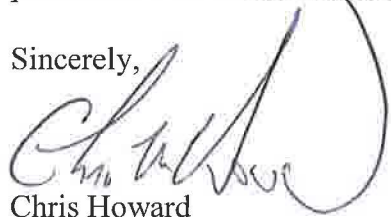
**Response:** The agency concurs with this finding. The agency will comply with Section 7-9-12, Mississippi Code Annotated (1972).

**Corrective Action Plan:** Interest earned on the account will be deposited into State General Fund 2999000000. Corrective action will begin immediately and will be overseen by Liza Hammett, Finance Director.

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Thank you for your recommendations. I appreciate courtesy and professionalism exhibited by your staff during this review. Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Howard", with a large, sweeping loop at the end.

Chris Howard  
Executive Director